

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

770 L STREET, SUITE 1000  
SACRAMENTO, CA 95814  
(916) 324-2726  
(916) 324-5597 FAX  
<http://www.cmac.ca.gov>

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113  
Sacramento, CA

Minutes of Meeting  
February 28, 2008

**COMMISSIONERS PRESENT**

Michele Burton, M.P.H.  
Wilma Chan  
Vicki Marti  
Nancy McFadden  
John Longville

**COMMISSIONERS ABSENT**

Cathie Bennett Warner, Chair

**EX-OFFICIO MEMBERS PRESENT**

Toby Douglas, Department of Health Care Services  
John Fitzpatrick II, Department of Finance

**EX-OFFICIO MEMBERS ABSENT****CMAC STAFF PRESENT**

J. Keith Berger, Executive Director  
Paul Cerles  
Tacia Carroll  
Denise DeTrano  
Holland Golec  
Mark Klobberdanz  
Katie Knudson  
Becky Swol  
Mike Tagupa  
Mervin Tamai  
Karen Thalhammer

**I. Call to Order**

The February 28, 2008 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Commissioner Nancy McFadden. A quorum was present.

**II. Approval of Minutes**

The February 7, 2008 meeting minutes were approved as prepared by CMAC staff.

### **III. Executive Director's Report**

Keith Berger, Executive Director, began his report by reminding the Commissioners that CMAC's current meeting schedule only extends through June of this year. He indicated that staff has provided the Commissioners with a set of proposed dates for CMAC meetings for the next fiscal year, July 2008 through June 2009. He suggested that the Commissioners review the proposed dates and let staff know if they have any concerns or conflicts with the dates. Based on the Commissioners' feedback, staff will prepare a final schedule for approval at the March 13, 2008 meeting.

Mr. Berger informed the Commissioners that the Governor's Office issued an Executive Order last week requiring all state agencies and departments to take steps necessary over the next four months to reduce current fiscal year expenditures by an annualized 1.5 percent, provided that these reductions "shall only be made to non-essential and non-mission-critical activities and shall not negatively impact public safety or public health activities." That translates into about a 4.5 percent reduction for the next four months to achieve the annualized goal.

Mr. Berger noted that CMAC staff had already been analyzing how to achieve the 10 percent cut in its administrative budget required for next fiscal year and will work on implementing some of those operational reductions sooner so that we can reach the targeted reduction levels.

Regarding planned presentations for future CMAC meetings, Mr. Berger explained that staff has been having discussions with the Office of Statewide Health Planning and Development (OSHDP) regarding a public presentation to the Commission that would provide an update on the seismic safety program. There have been several significant changes over the last year, both to the methodology used to assess hospitals and the availability of options for hospitals to request delays in certain situations.

Mr. Berger said that CMAC has tentatively scheduled the presentation for the April 24, 2008 meeting, and that the California Hospital Association has also been invited to that meeting to provide any comments they may have on seismic safety issues.

In addition, Mr. Berger noted, the California Children's Hospital Association (CCHA) would like to appear before CMAC in open session next month to provide an update on the issues and challenges facing the children's hospitals. Staff has tentatively scheduled their appearance for the March 27, 2008 meeting. Mr. Berger also said he has been asked, along with the Department of Health Care Services (DHCS), to speak to CCHA next week at their annual meeting. Mr. Berger asked the Commissioners to inform him of any concerns they may have about those dates, and said staff will finalize the schedule with both organizations during the next week.

Mr. Berger informed the Commissioners that the Legislature concluded its special session by passing a bill that provided for several billion dollars in budget cuts for FY 2008-09, including the 10 percent cut in payments to many Medi-Cal providers (negotiated

Selective Provider Contracting Program (SPCP) payments are exempt) that Toby Douglas, DHCS, described at CMAC's last few meetings.

Mr. Berger indicated to the Commissioners that the Senate has provided CMAC with guidelines that they now give to organizations and groups using the Senate hearing rooms for meetings. The Commissioners and staff were given a copy of the guidelines.

Mr. Berger noted that there are six contracts and amendments before the Commissioners for review and action in today's closed session, as well as a number of updates and discussions regarding current hospital and managed care rate negotiations and the distressed hospital fund negotiations.

#### **IV. Department of Health Care Services (DHCS) Report**

Toby Douglas, DHCS, noted that the Legislature had recently enacted a 10 percent reduction to the Medi-Cal program, which will be initiated July 1, 2008, excluding contracting SPCP hospitals, free-standing nursing facilities, as well as intermediate care facilities for the developmentally disabled. Mr. Douglas informed CMAC that DHCS will be sending out notices to impacted providers to inform them of this reduction, and will be changing their claims processing system and reducing payments accordingly.

In addition, Mr. Douglas explained, the Legislature enacted two other changes that will affect hospitals. The first is that provider payments associated with the last two check writes in June will be held until the beginning of July 2008. Second, due to cash flow uncertainties, legislation was enacted advising DHCS to hold all scheduled August payments to institutional providers, including hospitals, until September.

Mr. Douglas indicated that DHCS continues to work with the Administration regarding the proposed approximate \$1 billion (General Fund) reduction to the DHCS budget. He stated that DHCS would most likely cut costs in Medi-Cal optional benefits that are offered to beneficiaries and establish quarterly status reports on children and parents. These changes will be discussed in the Legislature's regular scheduled session.

Mr. Douglas reported that all ten counties participating in local programs through the 2005 Health Coverage Initiative, which is part of the hospital financing waiver, have begun enrollment for approximately 26,000 individuals. He noted that enrollment is much lower than expected due to difficulties with citizenship documentation requirements. DHCS is providing assistance to the counties to try and help increase enrollment and maximize the federal funding available under this initiative.

**V. New Business/Public Comments/Adjournment**

There being no further new business and no comments from the public, Commissioner McFadden recessed the open session. Commissioner McFadden opened the closed session and, after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Commissioner McFadden announced that the Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.